

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

HVL CYBERWEB SOLUTIONS, INC.

Opposer:

Trademark: **PETER NORTH**

Opposition No: 91175589

Int'l Class: 41

vs.

App Serial No: 78/851360

Filing Date: March 31, 2006

ALDEN J. BROWN

Applicant.

**MOTION TO DISMISS FOR FAILURE TO STATE A CLAIM AND FOR  
FAILURE TO ESTABLISH STANDING AND MOTION FOR STAY**

Trademark Trial and Appeal Board  
U.S. Patent and Trademark Office  
P.O. Box 1451  
Alexandria, VA 22313-1451

**I. INTRODUCTION**

Applicant, Alden J. Brown, (hereafter "Brown" or "applicant") moves to dismiss Opposer's, HVL Cyberweb Solutions, Inc. (hereafter "HVL" or "opposer") Notice of Opposition. On its face, the Notice of Opposition fails to state a claim under Fed.R.Civ.Proc. 12(b)(6) and TBMP §503. Even accepting HVL's allegations as true, and considered in a light most favorable to them, the allegations and claims in the Notice of Opposition are insufficient as a matter of law to support a claim for likelihood of



confusion under Section 2(d) of the Lanham Act, establish any priority of rights in the mark on the part of HVL, and/or establish any legitimate claim that HVL will be damaged by Applicant's registration of the mark PETER NORTH in the present application.

In addition, the opposer does not appear to meet the requirements for standing in order to maintain the opposition. The opposer has failed to establish facts sufficient to acquire and establish standing under the standards of 15 U.S.C. §1063(a) and the relevant and applicable court rulings.

## **II. ARGUMENT.**

### **A. HVL's Claims in the Opposition Outside Scope of Board's Jurisdiction**

HVL asserts only one statutory basis (under the Lanham Act) underlying its request for refusal to register the mark. In a paragraph, numbered 18 in its Notice of Opposition, HVL asserts that the registration of the service mark "Peter North" should be refused "...because it will create confusion, mistake or deception of consumers as contemplated by 15 U.S.C. § 1052(d)." (Lanham Act Sec. 2(d)) Only this claim is within the Board's jurisdiction and authority as to make a determination as to the registration of the mark.

The remainder of the claims and assertions in the Notice of Opposition regard the use of the mark under a licensing agreement and the continuing validity of that agreement. This subject matter is in dispute between the parties in this action, an issue

that is already being adjudicated in the Orange County Superior Court (Case Number 06CC04997) of California as indicated in the opposer's Notice of Opposition. The claims relating to that dispute are outside the jurisdiction of this Board and do not affect in any manner the Applicant's legal ability to register his mark with the United States Patent & Trademark Office. Thus, those claims are insufficient to form any basis for refusal to register the mark as they are not based on any aspect of the applicable statute (Lanham Act) and only serve to confuse the issue at hand.

As this Board has noted in its previous holding in *Carano v. Vina Concha Y Toro S.A.*, 67 USPQ2d 1149, citing the ruling in *Knickerbocker Toy Co. v. Faultless Starch Co.*, 467 F.2d 501, 175 USPQ 417 (CCPA 1972) the Board is generally limited to regarding issues outside of the of the presumptively valid statutory grounds for refusing registration only to the extent necessary to determine questions of trademark registration. As is noted in the TBMP §102.01 the Board is empowered to determine only the right to register under Sections 17, 18, 20 and 24 of the Lanham Act, 15 U.S.C. §§ 1067, 1068, 1070 and 1092. Further the Board is not authorized to determine the right to use, nor may it decide broader questions of infringement or unfair competition. TMBP § 102.01, citing *Person's Co. v. Christman*, 900 F.2d 1565, 14 USPQ2d 1477, 1481 (Fed. Cir. 1990); *Ross v. Analytical Technology, Inc.*, 51 USPQ2d 1269, 1270 n.2 (TTAB 1999); and *Hershey Foods Corp. v. Cerreta*, 195 USPQ 246, 252 (TTAB 1977) amongst others.

Thus, any claims concerning the current state of the validity of the non-exclusive license and the current litigation between the two parties on this matter are not related to the issue of registration of the mark at hand, nor do they form any reasonable relationship to any statutory ground for refusal to register plead by the opposer in the Notice of

Opposition. Such claims appear to be clearly outside the jurisdiction of this Board and should not be relied upon to form any part of the underlying decision making process by this Board concerning the registration of the mark by the applicant.

For the purposes of this motion only and as a matter of law, the applicant agrees to accept the claims made by the opposer in the Notice of Opposition as true or considered in a light most favorable to them as to the extent as required. The applicant, as a matter of actual fact, disputes many of the assertions and claims made by the opposer. But, as they are not germane to the issue of registration and are already the subject of ongoing litigation in state court in California, the applicant will not address the various merits of the assertions made by the opposer which lie outside the jurisdiction of the Board and which are immaterial to the issue of registration, consistent with the Board's position in *Carano* and the numerous other cases cited above.

#### **B. HVL's Pleading Insufficient to Withstand Motion to Dismiss**

In order to withstand a motion to dismiss under Rule 12(b) (6); TBMP §503, a pleading need allege such facts as would, if proved, establish that the opposer is entitled to the relief sought. That is, that (1) the opposer has standing to maintain the proceeding, and (2) a valid ground exists for denying the registration sought. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).

Assuming arguendo that the opposer in this case has standing and even viewing HVL's claim in a light most favorable to them as required by the holding in *Lloyd's Food Products, Inc. v. Eli's Inc.*, 987 F.2d 25 USPTQ2d 2027 (Fed. Cir. 1993) the opposer has

failed to state a cognizable claim under the Lanham Act which would prevent the Applicant Brown from registering the mark as a matter of law.

**1. Insufficiency of opposer's claim under Sec. 2(d) of the Lanham Act – Likelihood of Confusion.**

In order to properly state a claim of likelihood of confusion, opposer must plead (and later prove) that (1) applicant's mark, as applied to his services, so resembles opposer's mark as to be likely to cause confusion, mistake, or deception; and (2) priority of use. *King Candy Co., Inc. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ (CCPA 1974.)

The opposer's claims fail for at least two differing reasons. (1), they do not have priority of use in the mark as required by law, and (2) any use they may have made under the terms of the non-exclusive license do not inure to their benefit, but rather inure exclusively to the benefit of the owner of the mark (Brown) by operation of law clearly established in the Lanham Act itself.

The opposer is by its own admission a non-exclusive licensee of the applicant, Brown. Their limited right to make use of the mark, as established by their assertions and claims in their own pleadings only date to July 23, 2002. (Paragraph marked "1", of the opposer's Notice of Opposition). In no way, did the opposer challenge or dispute that the applicant in this matter is the prior user of the mark in the Notice of Opposition. Nor did they dispute that the applicant has made use of the mark in commerce since at least since

April 7, 1984, some 18 years prior to the opposer, HVL, gaining any right to use the mark under the terms of the non-exclusive license asserted in its Notice of Opposition.

It is a well established principle of trademark law that in order to establish priority, a plaintiff must first plead facts (and later prove) which show proprietary rights in the pleaded mark that are prior to the applicant's rights in the challenged mark.

*Herbko Internataional Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002); *Golomb v. Wadsworth*, 592 F.2d 1184, 201 USPQ 200, 201 (CCPA, 1979); and *Jimlar Corporation v. The Army and Air Force Exchange Service*, 24 USPQ2d 1216 (TTAB 1992).

As noted above, the applicant as established by its own pleadings, do not even assert a claim of prior use of the mark (priority). Secondly, the facts as alleged by the applicant clearly establish that they cannot under any circumstances sustain a claim of actual priority of use and thus its opposition on the basis of Section 2(d) of the Lanham Act should be dismissed as they have neither asserted nor can they prove priority of rights in the mark.

Section 5 of the Lanham Act (15 U.S.C. §1055) says, in part: "*Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.*"

Further, Section 45 of the Act, 15 U.S.C. §1127, defines "related company" as follows: "*The term 'related company' means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or*

*services on or in connection with which the mark is used.*" Thus, use by a "related company" includes such usage of the mark by a licensee which is controlled under license.

The opposer admits its position as a user of the mark, is that of a non-exclusive licensee. Such license on the part of the opposer having been acquired through negotiation and agreement with a company owned and controlled by the mark's owner and applicant in this instance, Brown. (See opposer's Notice of Opposition, paragraphs marked 1-5.) Clearly, such use of the mark by the opposer through the licensing agreement establishes that it has no priority of use and that its rights are not in any manner superior to that of the owner, who retains the right to license the mark to others, to make use of the mark himself and to otherwise enjoy all privileges of ownership in the mark as he sees fit.

This is a fundamental and well established provision of Trademark Law, even inculcated in the U.S. Patent & Trademark Office's publication: *Trademark Manual of Examining Procedure*. ("TMEP"). In TMEP §1201.03(f) it is noted that "*The Office accepts applications by parties who claim to be owners of marks through use by controlled licensees, pursuant to a contract or agreement. Pneutek, Inc. v. Scherr, 211 USPQ 824, 833 (TTAB 1981).*" The owner of the mark in question here, not only makes use of the mark through the opposer as a controlled licensee, but continues to make use of the mark himself and through such other licensees as he deems appropriate. The recognition of the right of an applicant/owner of a mark to make such use of the mark through licensees in the TMEP is simply a recognition of the guiding principle established in Section 5 of the Lanham Act.

No matter the length of the approved use under the non-exclusive license, the nature of the approved use under the non-exclusive license, or the extent of the approved use by the opposer under the non-exclusive license of the applicant's mark, the rights, if any, in the mark by HVL are always inferior to those of the owner, Brown. As noted trademark Commentator J. Thomas McCarthy puts it, "The licensee of a trademark is in the position of a renter of an apartment, who does not acquire real estate ownership rights, no matter how long the tenancy." *McCarthy on Trademarks and Unfair Competition* (4<sup>th</sup> ed.)

This Board's reviewing court has determined that a "valid ground" for denying registration that must be alleged and proved by an opposer must be a "*statutory ground which negates the appellant's (applicant's) right to the subject registration.*" *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752(Fed. Cir. 1998). If the use of the mark by a non-exclusive licensee inures to the benefit of the owner of the mark, under operation of Law through Sec. 5 of the Lanham Act, such use is rightfully considered to present the same source of origin when used on similar or identical goods and services as those controlled by the owner/licensor of the mark. Thus it is impossible by operation of law, or fact, for any use of the mark by the opposer, as the non-exclusive licensee, to affect the validity of such mark or of its registration by creating a likelihood of confusion with the owner of this mark, the applicant in this instance. The claims of the opposer as to it being harmed or damaged in any manner under Sec. 2(d) of the Lanham Act fail to meet the standard as established in *Young*, 152 F.3d 1377, 47 USPQ2d 1752(Fed. Cir. 1998), as they have failed to establish any statutory basis for preventing registration of the mark.



**2. The Superior Rights in the Mark by the Owner Establishes a Right to Register under Sec.'s 1 and 2 of the Lanham Act.**

Sec. 2 of the Lanham Act (15 U.S.C. §1052) provides in part that: "*No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it...*" The remainder of Sec. 2 establishes the exclusive statutory bases for which a mark can be refused registration upon the principle register.

As the opposer's sole statutory basis, as alleged in its Notice of Opposition, relates to a refusal as anticipated under Sec. 2(d) of the Lanham Act (likelihood of confusion) and such refusal has been heretofore established as baseless upon application of the relevant statutes, case law and facts, the owner and applicant of the mark should not be denied registration of his mark by this Board.

Sec. 1 of the Lanham Act (15 U.S.C. §1051) establishes the method, policy and procedures under which an application is to be made. The various procedures established by the TMEP require the Examining Attorney, on behalf of the Trademark Office, to inspect each and every application for compliance with the statute and relevant provisions of the TMEP. As such, the application was inspected and found to be fully compliant with the relevant statutes and TMEP according to the Examining Attorney's judgment and was approved for publication. As the applicant has met all relevant requirements under Sec's 1 and 2 of the Lanham Act, according to the examination operation of the U.S. Trademark Office, he is entitled to registration as a matter of law.

### **C. Lack of Standing**

As discussed above, there is no likelihood of confusion with opposer, as the applicant as a matter of law and fact is entitled to claim the benefits of use by any of his licensees as his own and no licensee has any independent rights which are superior to that of the owner of a mark. Accordingly, HVL cannot be damaged by registration of the mark PETER NORTH by its owner, the applicant Brown, and thus lacks standing to oppose under 15 U.S.C. §1063(a).

In order to have standing before the TTAB in an Opposition matter under the Lanham Act, an opposer must meet two judicially-created requirements; (1) the opposer must have a "real interest" in the proceedings and (2) must have a "reasonable" basis for their belief of damage. *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999)

As the non-exclusive licensee, the interest of the licensee in the registration of the mark may arguably exist, in some limited manner. However, as to meeting the requirement that the opposer have a "reasonable" basis for their belief of damage to themselves resulting from the registration of this mark, the opposer in this instance presents arguments and claims facts which are sorely lacking to prove their case.

As the *Ritchie* decision noted, the "belief of damage" required by § 13 of the Lanham Act is more than a subjective belief rather the belief must have a "reasonable basis in fact" citing, *Universal Oil*, 463 F.2d at 1124, 174 USPQ at 459-60.

In fact, a non-exclusive licensee's continued enjoyment of the use of the mark by the license agreement is only as good as the mark can be adequately protected by the owner/licensor of the mark in the first place. Contrary to being damaged by the registration, the opposer as the non-exclusive licensee of the mark in question will enjoy the benefits of registration offered by the Lanham Act to the owner of the mark. Without the benefits of registration; the owner of the mark (the applicant in this instance) may be less likely to ably enforce his rights and coincidentally enforce any rights, if any, held by the non-exclusive licensee in the mark. Since, the use of the mark by the licensee inures to the benefit of the owner of the mark by operation of law, there simply exists no valid or "reasonable" claim on the part of the opposer that the registration of the subject mark held under license could in any manner damage them. Thus, there exists no "reasonable" basis for the opposer to even believe it will be damaged and thus, ultimately no basis for standing under the recognized provisions of *Ritchie. Id.* at 1095.

### **CONCLUSION**

Applicant Brown, respectfully requests dismissal of all the allegations of HVL's Notice of Opposition with prejudice, for the reasons stated above. In the interim, applicant Brown respectfully requests a stay to the deadline to file an Answer, and a stay of all deadlines and discovery in this case pending a decision on this Motion. 37 CFE 2.127(d); TMBP §510.02(a)

Respectfully submitted,

By



Kevin P. Steinman, Esq.  
Vip Bhola, Esq.  
Law Offices of Vip Bhola  
5429 Cahuenga Blvd.  
North Hollywood, CA 91601  
(818) 508 1500

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and accurate copy of the foregoing was served via first class mail to:

Allison G. Vasquez, Esq  
Waller, Lansden, Dortch & Davis, LLP  
520 South Grand Avenue, Suite 800  
Los Angeles, CA 90071

On the 31st day of March, 2007.

**CERTIFICATE OF MAILING**

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to Trademark Trial and Appeal Board, U.S. Patent and Trademark Office, P.O. Box 1451, Alexandria, VA 22313-1451 on the 31st day of March, 2007.

Kevin Steinman

Name



Signature

3-31-07

Date of Signature